

HOUSE BILL No. 1688

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30.

Synopsis: Voluntary assignment of lottery prizes. Provides that a lottery prize winner who receives prize payments in installments over time may assign the right to receive the payments under a court order. Provides that a court shall issue an order approving a voluntary assignment if the assignment is in writing and is accompanied by a sworn affidavit provided by the assigning winner. Requires the affidavit to attest to the following: (1) That the assigning winner is of sound mind. (2) That the assigning winner has been advised by independent legal counsel. (3) That the assigning winner understands that the lottery commission has no further responsibility to make payments to the assigning winner. (4) That the assigning winner has
(Continued next page)

Effective: July 1, 1999.

Alderman

January 26, 1999, read first time and referred to Committee on Public Policy, Ethics and Veterans Affairs.



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received a disclosure statement. (5) That the assigning winner was advised of the right to cancel the contract within three business days. Provides that the assignment may not cover payments offset for delinquent child support. Provides that a person is ineligible to assign prize payments if the federal Internal Revenue Service issues a ruling holding that, based upon the right of assignment, a prize winner who does not assign a prize payment would be subject to an immediate income tax liability for the value of the entire prize rather than the annual income tax liability for each taxable year that an installment is received.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1688

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-30-11-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. **Except as provided**
3 **in IC 4-30-11.5**, the right of any person to a prize is not assignable. A
4 prize may be paid to the estate of a deceased prize winner or to a
5 person designated under an appropriate judicial order.

6 SECTION 2. IC 4-30-11.5 IS ADDED TO THE INDIANA CODE
7 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 1999]:

9 **Chapter 11.5. Voluntary Assignment of Lottery Prizes**

10 **Sec. 1. The right of a person to receive payments due under a**
11 **prize that is paid in installments over time may be voluntarily**
12 **assigned, in whole or in part, if the assignment is made to a person**
13 **or entity designated under an order of a court with jurisdiction in**
14 **the county where the assigning winner resides or where the**
15 **commission's offices are located.**



1 **Sec. 2. A court shall issue an order approving a voluntary**
 2 **assignment and directing the commission to direct prize payments**
 3 **in whole or in part to the assignee if the following requirements are**
 4 **met:**

5 **(1) The assignment:**

6 **(A) is in writing;**

7 **(B) is signed by the assigning winner; and**

8 **(C) is, by its terms, subject to Indiana law.**

9 **(2) The assigning winner provides a sworn affidavit attesting**
 10 **that:**

11 **(A) the assigning winner is:**

12 **(i) of sound mind;**

13 **(ii) in full command of the individual's faculties; and**

14 **(iii) not acting under duress;**

15 **(B) the assigning winner has been advised regarding the**
 16 **assignment by independent legal counsel and has had the**
 17 **opportunity to receive independent financial and tax**
 18 **advice concerning the effects of the assignment;**

19 **(C) the assigning winner understands and agrees that, with**
 20 **regard to the assigned payments, the commission has no**
 21 **further liability or responsibility to make the assigned**
 22 **payments to the assigning winner;**

23 **(D) the assigning winner has been provided with a one (1)**
 24 **page written disclosure statement setting forth in 14 point**
 25 **or larger bold type, the following:**

26 **(i) The payments being assigned, by amount and**
 27 **payment date.**

28 **(ii) The purchase price.**

29 **(iii) The rate of discount to present value, assuming daily**
 30 **compounding and funding on the contract date.**

31 **(iv) The amount of any origination or closing fee charged**
 32 **to the assigning winner; and**

33 **(E) the assigning winner was advised in writing before**
 34 **signing the assignment that the assigning winner had the**
 35 **right to cancel the contract without any further obligation**
 36 **within three (3) business days following the date the**
 37 **contract was signed.**

38 **Sec. 3. A voluntary assignment may not include or cover**
 39 **payments or portions of payments that are subject to offset under**
 40 **IC 4-30-11-11 for a defaulted or delinquent child support**
 41 **obligation, unless appropriate provision is made in the assignment**
 42 **order to satisfy the obligations giving rise to the offset.**



1 **Sec. 4. The commission is discharged of all liability upon**
 2 **payment of a prize under this chapter.**

3 **Sec. 5. The commission may establish a reasonable fee to defray**
 4 **administrative expenses associated with an assignment made under**
 5 **this chapter, including the cost of any processing fee that might be**
 6 **imposed by a private annuity provider. The fee amount must**
 7 **reflect the direct and indirect costs associated with processing an**
 8 **assignment.**

9 **Sec. 6. (a) Notwithstanding the provisions of this chapter, a prize**
 10 **winner may not assign prize payments upon:**

11 (1) the issuance by the United States Internal Revenue Service
 12 of a technical rule letter, revenue ruling, or other public
 13 ruling that determines that, based upon the right of
 14 assignment provided in this chapter, a prize winner who does
 15 not assign a prize payment would be subject to an immediate
 16 income tax liability for the value of the entire prize rather
 17 than the annual income tax liability for each taxable year that
 18 an installment is received; or

19 (2) the issuance by a court of a published decision holding
 20 that, based upon the right of assignment provided in this
 21 chapter, a prize winner who does not assign a prize payment
 22 would be subject to an immediate income tax liability for the
 23 value of the entire prize rather than the annual income tax
 24 liability for each taxable year that an installment is received.

25 (b) Upon receipt of a letter or ruling from the United States
 26 Internal Revenue Service or a published decision of a court
 27 described in subsection (a), the commission shall file a copy of the
 28 letter, ruling, or published decision with the secretary of state.

29 (c) A prize winner is ineligible to assign a prize under this
 30 chapter immediately upon the filing by the commission of a letter,
 31 ruling, or published decision under subsection (b).

32 **SECTION 3. IC 4-30-14-2 IS AMENDED TO READ AS**
 33 **FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) This section**
 34 **does not apply to advertisements or negotiations relating to a**
 35 **voluntary assignment order issued under IC 4-30-11.5.**

36 (b) A person who:

37 (1) induces another person to assign or transfer a right to claim a
 38 prize;

39 (2) offers for sale the right to claim a prize; or

40 (3) offers for compensation to claim the prize of another person;
 41 commits a Class A misdemeanor.

